

# HOUSE BILL 1175

A1

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By: ~~Delegates Barkley and Davis~~ Economic Matters Committee and Delegates Hucker, Ivey, Barkley, Afzali, Alston, Anderson, Arora, Aumann, Barnes, Barve, Beidle, Bobo, Boteler, Branch, Busch, Cane, Cardin, Carr, Clagett, Cluster, Conway, Costa, Cullison, Davis, Dumais, Eckardt, Elliott, Feldman, Frank, Frick, Frush, Gaines, George, Gilchrist, Glenn, Griffith, Gutierrez, Haddaway-Riccio, Hammen, Harrison, Healey, Hershey, Hixson, Holmes, Hubbard, Impallaria, Jacobs, Jameson, Kach, Kaiser, A. Kelly, Kipke, Kramer, Krebs, Lafferty, Lee, Love, Luedtke, Malone, McDermott, McHale, McIntosh, A. Miller, Mitchell, Mizeur, Morhaim, Murphy, Myers, Niemann, Otto, Pena-Melnyk, Pendergrass, Proctor, Ready, Reznik, S. Robinson, Rosenberg, Ross, Rudolph, Schulz, Serafini, Simmons, Smigiel, Stein, Stocksdale, Stukes, Summers, Szeliga, Tarrant, F. Turner, V. Turner, Valderrama, Vallario, Vaughn, Waldstreicher, Washington, Wilson, and Zucker

Introduced and read first time: February 16, 2011

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 28, 2011

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 2011

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages – Direct Wine Shipment**

3 FOR the purpose of repealing provisions that provide for a direct wine seller's permit;  
4 establishing a direct wine shipper's permit to be issued by the Office of the  
5 Comptroller; authorizing the Office to issue a common carrier permit to certain  
6 persons; specifying a certain common carrier permit fee; requiring a person to  
7 ~~be licensed~~ obtain a certain permit before the person may engage in shipping  
8 wine directly to a direct wine consumer in the State; requiring an applicant to  
9 meet certain qualifications for a direct wine shipper's permit, submit an  
10 application and a copy of its current alcoholic beverages license or proof of the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 applicant's status to the Office, and pay a certain fee; specifying the term of a  
 2 direct wine shipper's permit; requiring a direct wine shipper to perform certain  
 3 actions; prohibiting a direct wine shipper from shipping more than a certain  
 4 amount of wine each year to ~~any one consumer~~ a single delivery address or  
 5 making deliveries on Sunday; requiring a direct wine shipper to meet certain  
 6 requirements to renew the permit; authorizing the Office to deny a renewal  
 7 application under certain circumstances; specifying certain requirements for  
 8 receiving a direct shipment of wine; requiring a common carrier to make a  
 9 certain report; requiring a common carrier to submit certain information to the  
 10 Comptroller in a certain manner at certain times; requiring a common carrier to  
 11 verify certain information each year in a certain manner; requiring certain  
 12 persons to maintain certain records for a certain period; allowing a shipment of  
 13 wine to be ordered or purchased through electronic or other means; authorizing  
 14 the Office to adopt certain regulations; prohibiting a person without a permit  
 15 from shipping wine directly to consumers in the State; providing that each  
 16 violation of certain provisions is a separate violation, subject to certain  
 17 penalties; providing for the application of certain provisions concerning delivery  
 18 of alcoholic beverages; requiring a certain security to be posted under certain  
 19 circumstances; defining certain terms; making certain technical corrections;  
 20 altering a certain definition; requiring the Comptroller to study certain matters  
 21 and submit a report to certain committees on or before a certain date; making  
 22 the provisions of this Act severable; and generally relating to the establishment  
 23 of a direct wine shipper's permit.

24 BY repealing

25 Article 2B – Alcoholic Beverages

26 Section 7.5–101 through 7.5–110 and the title “Title 7.5. Direct Wine Seller’s  
 27 Permit”

28 Annotated Code of Maryland

29 (2005 Replacement Volume and 2010 Supplement)

30 BY repealing and reenacting, with amendments,

31 Article 2B – Alcoholic Beverages

32 Section 2–101(b)(1)(i) and (g), 9–102(a), 12–301, 14–202, and 15–204(b)

33 Annotated Code of Maryland

34 (2005 Replacement Volume and 2010 Supplement)

35 BY adding to

36 Article 2B – Alcoholic Beverages

37 Section 2–101(y); and 7.5–101 through 7.5–114 to be under the new title “Title  
 38 7.5. Direct Wine Shipper’s Permit”

39 Annotated Code of Maryland

40 (2005 Replacement Volume and 2010 Supplement)

41 BY repealing and reenacting, without amendments,

42 Article 2B – Alcoholic Beverages

43 Section 16–503

1 Annotated Code of Maryland  
2 (2005 Replacement Volume and 2010 Supplement)

3 BY repealing and reenacting, without amendments,  
4 Article – Tax – General  
5 Section 5–101(a)  
6 Annotated Code of Maryland  
7 (2010 Replacement Volume)

8 BY repealing and reenacting, with amendments,  
9 Article – Tax – General  
10 Section 5–101(f), 5–201(d), and 13–825(b)  
11 Annotated Code of Maryland  
12 (2010 Replacement Volume)

13 BY adding to  
14 Article – Tax – General  
15 Section 13–825(i)  
16 Annotated Code of Maryland  
17 (2010 Replacement Volume)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That Section(s) 7.5–101 through 7.5–110 and the title “Title 7.5. Direct  
20 Wine Seller’s Permit” of Article 2B – Alcoholic Beverages of the Annotated Code of  
21 Maryland be repealed.

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
23 read as follows:

24 **Article 2B – Alcoholic Beverages**

25 2–101.

26 (b) (1) (i) The Office of the Comptroller shall collect a fee for the  
27 issuance or renewal of the following permits:

28 1. \$50 for a solicitor’s permit, an individual storage  
29 permit, a nonresident winery permit, or a commercial nonbeverage permit;

30 2. \$75 for a public storage permit, a public  
31 transportation permit, or an import and export permit;

32 3. \$200 for a public storage and transportation permit, a  
33 nonresident dealer’s permit, a resident dealer’s permit, or a bulk transfer permit;

34 4. \$400 for a family beer and wine facility permit; [and]



1           (2) “COMMON CARRIER” DOES NOT INCLUDE A BUSINESS ENTITY  
2 THAT TRANSPORTS ONLY PROPERTY IT OWNS OR THAT IS CONSIGNED TO IT.

3           (C) “DIRECT WINE SHIPPER” MEANS THE HOLDER OF A DIRECT WINE  
4 SHIPPER’S PERMIT ISSUED UNDER THIS TITLE.

5           (D) “POMACE BRANDY” MEANS BRANDY THAT IS DISTILLED FROM THE  
6 PULPY RESIDUE OF THE WINE PRESS, INCLUDING THE SKINS, PIPS, AND STALKS  
7 OF GRAPES.

8           (E) (1) “WINE” INCLUDES POMACE BRANDY.

9                       (2) “WINE” DOES NOT INCLUDE BEER, DISTILLED SPIRITS, OR  
10 ANY ALCOHOLIC BEVERAGE OTHER THAN WINE.

11 **7.5–102.**

12           A PERSON SHALL BE ISSUED A DIRECT WINE SHIPPER’S PERMIT BY THE  
13 OFFICE OF THE COMPTROLLER AS A DIRECT WINE SHIPPER BEFORE THE  
14 PERSON MAY ENGAGE IN SHIPPING WINE DIRECTLY TO A CONSUMER IN THE  
15 STATE.

16 **7.5–103.**

17           TO QUALIFY FOR A DIRECT WINE SHIPPER’S PERMIT, AN APPLICANT  
18 SHALL BE:

19                       (1) A PERSON LICENSED OUTSIDE THE STATE TO ENGAGE IN THE  
20 MANUFACTURE OF WINE; OR

21                       (2) A HOLDER OF A CLASS 3 MANUFACTURER’S LICENSE OR A  
22 CLASS 4 MANUFACTURER’S LICENSE ISSUED UNDER THIS ARTICLE.

23 **7.5–104.**

24           (A) AN APPLICANT FOR A DIRECT WINE SHIPPER’S PERMIT SHALL:

25                       (1) SUBMIT TO THE OFFICE OF THE COMPTROLLER A  
26 COMPLETED APPLICATION ON A FORM THAT THE OFFICE OF THE  
27 COMPTROLLER PROVIDES;

28                       (2) PROVIDE TO THE OFFICE OF THE COMPTROLLER A COPY OF  
29 THE APPLICANT’S CURRENT ALCOHOLIC BEVERAGES LICENSE; AND

1           **(3) PAY A FEE OF ~~\$300~~ \$200 FOR INITIAL ISSUANCE OF THE**  
2 **DIRECT WINE SHIPPER'S PERMIT.**

3           **(B) THE OFFICE OF THE COMPTROLLER SHALL ISSUE A DIRECT WINE**  
4 **SHIPPER'S PERMIT TO EACH APPLICANT WHO MEETS THE REQUIREMENTS OF**  
5 **THIS TITLE FOR THE DIRECT WINE SHIPPER'S PERMIT.**

6 **7.5-105.**

7           **A DIRECT WINE SHIPPER'S PERMIT ENTITLES THE HOLDER TO SELL WINE**  
8 **MANUFACTURED BY THE HOLDER THROUGH A HOLDER OF A COMMON CARRIER**  
9 **PERMIT TO A CONSUMER BY RECEIVING AND FILLING ORDERS THAT THE**  
10 **CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.**

11 **7.5-106.**

12           **THE TERM OF A DIRECT WINE SHIPPER'S PERMIT IS 1 YEAR AND BEGINS**  
13 **ON JULY 1.**

14 **7.5-107.**

15           **(A) A DIRECT WINE SHIPPER SHALL:**

16                   **(1) ENSURE THAT ALL CONTAINERS OF WINE SHIPPED DIRECTLY**  
17 **TO A CONSUMER IN THE STATE ARE CONSPICUOUSLY LABELED WITH:**

18                           **(I) THE NAME OF THE DIRECT WINE SHIPPER;**

19                           **(II) THE NAME AND ADDRESS OF THE CONSUMER WHO IS**  
20 **THE INTENDED RECIPIENT; AND**

21                           **(III) THE WORDS "CONTAINS ALCOHOL: SIGNATURE OF**  
22 **PERSON AT LEAST 21 YEARS OF AGE REQUIRED FOR DELIVERY";**

23                   **(2) REPORT QUARTERLY TO THE OFFICE OF THE COMPTROLLER**  
24 **THE TOTAL AMOUNT OF WINE, BY TYPE, SHIPPED IN THE STATE, THE PRICE**  
25 **CHARGED, AND THE NAME AND ADDRESS OF EACH PURCHASER;**

26                   **(3) FILE A QUARTERLY TAX RETURN IN ACCORDANCE WITH §**  
27 **5-201(D) OF THE TAX - GENERAL ARTICLE;**

28                   **(4) PAY QUARTERLY TO THE OFFICE OF THE COMPTROLLER ALL**  
29 **SALES TAXES AND EXCISE TAXES DUE ON SALES TO CONSUMERS IN THE STATE**

1 AND CALCULATE THE TAXES AS IF THE SALE WERE MADE ~~AT THE DELIVERY~~  
2 ~~LOCATION~~ IN THE STATE;

3 (5) MAINTAIN FOR A PERIOD OF 3 YEARS COMPLETE AND  
4 ACCURATE RECORDS OF ALL INFORMATION NEEDED TO VERIFY COMPLIANCE  
5 WITH THIS TITLE;

6 (6) ALLOW THE OFFICE OF THE COMPTROLLER TO PERFORM AN  
7 AUDIT OF THE DIRECT WINE SHIPPER'S RECORDS ON REQUEST; AND

8 (7) CONSENT TO THE JURISDICTION OF THE OFFICE OF THE  
9 COMPTROLLER OR OTHER STATE UNIT AND THE STATE COURTS CONCERNING  
10 ENFORCEMENT OF THIS SECTION AND ANY RELATED LAW.

11 (B) A DIRECT WINE SHIPPER MAY NOT:

12 (1) SHIP MORE THAN ~~12~~ 18 9-LITER CASES OF WINE EACH YEAR  
13 ~~TO ANY ONE CONSUMER~~ A SINGLE DELIVERY ADDRESS; OR

14 (2) CAUSE WINE TO BE DELIVERED ON SUNDAY TO AN ADDRESS  
15 IN THE STATE.

16 7.5-108.

17 (A) A DIRECT WINE SHIPPER MAY RENEW ITS DIRECT WINE SHIPPER'S  
18 PERMIT EACH YEAR IF THE DIRECT WINE SHIPPER:

19 (1) IS OTHERWISE ENTITLED TO HAVE A DIRECT WINE SHIPPER'S  
20 PERMIT;

21 (2) PROVIDES TO THE OFFICE OF THE COMPTROLLER A COPY OF  
22 ITS CURRENT PERMIT; AND

23 (3) PAYS TO THE OFFICE OF THE COMPTROLLER A RENEWAL FEE  
24 OF ~~\$300~~ \$200.

25 (B) THE OFFICE OF THE COMPTROLLER MAY DENY A RENEWAL  
26 APPLICATION OF A DIRECT WINE SHIPPER WHO FAILS TO:

27 (1) FILE A TAX RETURN REQUIRED UNDER THIS TITLE;

28 (2) PAY A FEE OR TAX WHEN DUE; OR

1           **(3) AFTER RECEIVING NOTICE, COMPLY WITH A PROVISION OF**  
2 **THIS ARTICLE OR A REGULATION THAT THE OFFICE OF THE COMPTROLLER**  
3 **ADOPTS UNDER THIS ARTICLE.**

4 **7.5-109.**

5           **(A) TO RECEIVE A DIRECT SHIPMENT OF WINE, A CONSUMER IN THE**  
6 **STATE SHALL BE AT LEAST 21 YEARS OLD.**

7           **(B) A PERSON WHO RECEIVES A SHIPMENT OF WINE SHALL USE THE**  
8 **SHIPMENT FOR PERSONAL CONSUMPTION ONLY AND MAY NOT RESELL IT.**

9 **7.5-110.**

10           **(A) A PERSON SHALL BE ISSUED A COMMON CARRIER PERMIT BEFORE**  
11 **THE PERSON MAY ENGAGE IN TRANSPORTING WINE FROM A DIRECT WINE**  
12 **SHIPPER TO A CONSUMER.**

13           **(B) THE TERM OF A COMMON CARRIER PERMIT IS 1 YEAR AND BEGINS**  
14 **ON JULY 1.**

15           **(C) TO COMPLETE DELIVERY OF A SHIPMENT, THE COMMON CARRIER**  
16 **SHALL REQUIRE FROM A CONSUMER AT THE ADDRESS LISTED ON THE SHIPPING**  
17 **LABEL:**

18                   **(1) THE SIGNATURE OF THE CONSUMER OR ANOTHER**  
19 **INDIVIDUAL AT THE ADDRESS WHO IS AT LEAST 21 YEARS OLD; AND**

20                   **(2) GOVERNMENT-ISSUED PHOTOGRAPHIC IDENTIFICATION**  
21 **SHOWING THAT THE SIGNING INDIVIDUAL IS AT LEAST 21 YEARS OLD.**

22           **(D) A COMMON CARRIER SHALL REFUSE DELIVERY WHEN THE**  
23 **INTENDED RECEIVING INDIVIDUAL APPEARS TO BE UNDER 21 YEARS OF AGE OR**  
24 **REFUSES TO PRESENT VALID IDENTIFICATION.**

25           **(E) AT THE TIME OF INITIAL APPLICATION FOR A COMMON CARRIER**  
26 **PERMIT AND ON REQUEST OF THE COMPTROLLER, A COMMON CARRIER SHALL**  
27 **SUBMIT TO THE COMPTROLLER INFORMATION CONCERNING THE TRAINING OF**  
28 **ITS DRIVERS IN VERIFYING THE AGE OF RECIPIENTS OF DIRECT WINE**  
29 **SHIPMENTS UNDER THIS TITLE.**

30           **(F) AT LEAST ONCE EACH YEAR, IN A MANNER ACCEPTABLE TO THE**  
31 **COMPTROLLER, A HOLDER OF A COMMON CARRIER PERMIT SHALL VERIFY**

1 THAT THE SHIPPER OF WINE INTO THE STATE UNDER THIS TITLE HOLDS A  
2 VALID DIRECT WINE SHIPPER'S PERMIT.

3 7.5-111.

4 (A) A COMMON CARRIER SHALL REPORT QUARTERLY TO THE OFFICE  
5 OF THE COMPTROLLER:

6 (1) THE DATE OF EACH DELIVERY OF WINE IN THE STATE; AND

7 (2) THE NAME AND ADDRESS OF THE DIRECT WINE SHIPPER AND  
8 THE RECEIVING CONSUMER OF EACH DELIVERY.

9 (B) A COMMON CARRIER SHALL MAINTAIN FOR A PERIOD OF 3 YEARS  
10 COMPLETE AND ACCURATE RECORDS OF ALL INFORMATION NEEDED TO VERIFY  
11 COMPLIANCE WITH THIS TITLE.

12 7.5-112.

13 THE OFFICE OF THE COMPTROLLER MAY ADOPT REGULATIONS TO CARRY  
14 OUT THIS TITLE.

15 7.5-113.

16 A ~~BUSINESS ENTITY~~ PERSON WITHOUT A DIRECT WINE SHIPPER'S PERMIT  
17 MAY NOT SHIP WINE DIRECTLY TO CONSUMERS IN THE STATE.

18 7.5-114.

19 EACH VIOLATION OF THIS TITLE IS A SEPARATE VIOLATION.

20 9-102.

21 (a) (1) No more than one license provided by this article, except by way of  
22 renewal or as otherwise provided in this section, shall be issued in any county or  
23 Baltimore City, to any person, or for the use of any partnership, corporation,  
24 unincorporated association, or limited liability company, in Baltimore City or any  
25 county of the State[, and no].

26 (2) NO more than one license shall be issued for the same premises  
27 except as provided in §§ 2-201 through 2-208, 2-301, and 6-701 AND TITLE 7.5 of  
28 this article[, and nothing herein shall].

1                   **(3) THIS SUBSECTION MAY NOT** be construed to apply to §  
2 6–201(r)(4), (15), (17), and (18), § 7–101(b) and (c), § 8–202(g)(2)(ii) and (iii), § 8–217(e),  
3 § 8–508, § 8–902, § 9–217(b–1), or § 12–202 of this article.

4 12–301.

5           (a) (1) A retail dealer may not employ any solicitor or salesman for the  
6 purpose of soliciting, outside of the licensed place of business, orders for the sale of any  
7 alcoholic beverages within this State.

8                   (2) The sale of alcoholic beverages may not be consummated outside of  
9 the licensed place of business.

10                   (3) These provisions do not prohibit the receiving of orders by mail,  
11 telephone or messenger and the filling of such orders by delivery and the payment for  
12 them at the place of delivery.

13           (b) Retail delivery to a purchaser of any alcoholic beverages is prohibited  
14 unless:

15                   (1) The delivery is made from the retail licensed premises by the retail  
16 license holder or employee of the retail license holder authorized to sell and distribute  
17 alcoholic beverages by the local licensing authority in the jurisdiction where the  
18 delivery is made; and

19                   (2) The retail license holder obtains a letter of authorization from the  
20 local licensing authority to make deliveries and complies with any regulations  
21 promulgated by the local licensing authority pertaining to those deliveries.

22           (c) (1) This subsection applies only in Howard County.

23                   (2) An alcoholic beverages licensee may not make a retail delivery of  
24 alcoholic beverages unless the purchaser:

25                           (i) Is physically present on the licensed premises when the  
26 purchaser orders the alcoholic beverages; and

27                           (ii) Makes payment for the purchase at the time of the order.

28           (d) (1) This subsection applies only in Montgomery County.

29                   (2) An alcoholic beverages licensee may not make an off–site retail  
30 delivery of alcoholic beverages unless:

31                           (i) The deliverer is at least:

32                                   1. 21 years old; or



1 (ii) In addition to an annual fee, the Board of License  
2 Commissioners shall charge an issuing fee of \$150.

3 (5) The Board of License Commissioners shall adopt regulations to  
4 carry out this subsection.

5 (F) **THIS SECTION DOES NOT APPLY TO:**

6 (1) **THE DELIVERY OF WINE FROM A DIRECT WINE SHIPPER TO A**  
7 ~~CUSTOMER~~ **CONSUMER USING A COMMON CARRIER IN ACCORDANCE WITH**  
8 **TITLE 7.5 OF THIS ARTICLE; OR**

9 (2) **THE HOLDER OF A COMMON CARRIER PERMIT IN THE COURSE**  
10 **OF DELIVERING DIRECTLY SHIPPED WINE IN ACCORDANCE WITH TITLE 7.5 OF**  
11 **THIS ARTICLE.**

12 14-202.

13 (A) Every common carrier, by rail, air, water or highway, transporting  
14 alcoholic beverages, either in interstate or intrastate commerce, to points within the  
15 State of Maryland, and every person transporting alcoholic beverages by [whatsoever  
16 manner] **ANY MEANS** within the State of Maryland, shall at any time and from time to  
17 time, upon written request of the Comptroller, report under oath on forms prescribed  
18 by the Comptroller, all such consignments or deliveries of alcoholic beverages, for such  
19 period as the Comptroller may specify.

20 (B) If required by the Comptroller, [such] **THE** reports shall show [the]:

21 (1) **THE** name and address of the person to whom the deliveries of  
22 alcoholic beverages have actually and in fact been made [, the];

23 (2) **THE** name and address of the original consignee, if alcoholic  
24 beverages have been delivered to any other **PERSON** than the originally named  
25 consignee[, the];

26 (3) **THE** point of origin, the point of delivery, the date of delivery and  
27 the number and initials of each car, if shipped by rail, the name of the boat, barge or  
28 vessel, if shipped by water, the license number of each truck, if shipped by motor  
29 truck, or if delivered by other means, the manner in which [such] **THE** delivery was  
30 made[, the];

31 (4) **THE** kind of alcoholic beverages and the number of gallons  
32 [thereof] **OF EACH** contained in any such shipment or shipments; and [such]

1           **(5)** ANY other additional information relative to shipments [as] **THAT**  
2 the Comptroller may require.

3           **(C)** Nothing [herein shall] **IN THIS SECTION MAY** be construed to authorize  
4 [the]:

5           **(1)** **THE** consignment of alcoholic beverages from any point outside of  
6 the State to points within the State of Maryland, to any person except [the]:

7           **(I)** **THE** holder of a permit or manufacturer's or wholesaler's  
8 license, duly issued under [the provisions of] this article; or [the]

9           **(II)** **A ~~PERSONAL~~ CONSUMER UNDER TITLE 7.5 OF THIS**  
10 **ARTICLE; OR**

11           **(2)** **THE** consignment of alcoholic beverages from any point within this  
12 State to a point outside the State, to any person not authorized to receive the same  
13 under the law of the point of destination.

14 15–204.

15           (b) (1) Provided, that in Montgomery County no person, firm, or  
16 corporation shall keep for sale any alcoholic beverage not purchased from the  
17 Department of Liquor Control for Montgomery County, provided, however, that  
18 nothing in this subsection shall apply to a holder of a Class F license or a holder of a  
19 Class 1 beer, wine and liquor, Class 2 wine and liquor, Class 3 beer and wine, Class 4  
20 beer, or Class 5 wine wholesaler's license, who may not sell or deliver any alcoholic  
21 beverage in Montgomery County for resale except to a county liquor dispensary.

22           (2) Notwithstanding paragraph (1) of this subsection:

23           (i) **1.** A holder of a Class 6 limited wine wholesaler's license  
24 or of a nonresident winery permit may sell or deliver wine directly to a county liquor  
25 dispensary, restaurant, or other retail dealer in Montgomery County; and

26           [(ii)] **2.** A county liquor dispensary, restaurant, or other retail  
27 dealer in Montgomery County may purchase wine directly from a holder of a Class 6  
28 limited wine wholesaler's license or of a nonresident winery permit; **AND**

29           **(II)** **A HOLDER OF A DIRECT WINE SHIPPER'S PERMIT MAY**  
30 **SHIP WINE DIRECTLY TO A CONSUMER IN MONTGOMERY COUNTY.**

31 16–503.

32           Any person violating the provisions of this article for which no penalty, other  
33 than the suspension or revocation of a license or permit, is provided, shall be deemed

1 guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not  
2 more than one thousand dollars (\$1,000.00) or to imprisonment for not more than two  
3 years in the House of Correction, or jail, or both fined and imprisoned.

4 **Article – Tax – General**

5 5–101.

6 (a) In this title the following words have the meanings indicated.

7 (f) “Direct wine [seller] **SHIPPER**” has the meaning stated in Article 2B, §  
8 7.5–101 of the Code.

9 5–201.

10 (d) [(1)] A person who is a direct wine [seller] **SHIPPER** shall file with the  
11 Office of the Comptroller [an annual] **A QUARTERLY** tax return.

12 [(2)] The annual tax return shall be due no later than October 15 of  
13 each year covering the previous 12 calendar months ending September 30.]

14 13–825.

15 (b) The Comptroller shall require:

16 (1) a manufacturer, wholesaler, or nonresident winery permit holder  
17 who sells or delivers beer or wine to retailers in the State to post security for the  
18 alcoholic beverage tax:

19 (i) in an amount not less than:

20 1. \$1,000 for beer; and

21 2. \$1,000 for wine; and

22 (ii) if the alcoholic beverage tax on beer and wine paid in any 1  
23 month exceeds \$1,000, in an additional amount at least equal to the excess; [and]

24 (2) a manufacturer or wholesaler who sells or delivers any distilled  
25 spirits or any wine and distilled spirits in the State to post a security for the alcoholic  
26 beverage tax:

27 (i) in an amount not less than \$5,000; and

28 (ii) in an additional amount:

1                   1.     equal to twice the amount of its largest monthly  
2 alcoholic beverage tax liability for wine and distilled spirits in the preceding calendar  
3 year less \$5,000; or

4                   2.     if the information for the preceding calendar year is  
5 not available or cannot be provided, equal to the amount that the Comptroller  
6 requires; AND

7                   **(3)     EXCEPT AS PROVIDED IN SUBSECTION (I) OF THIS SECTION, A**  
8 **HOLDER OF A DIRECT WINE SHIPPER'S PERMIT TO POST SECURITY FOR THE**  
9 **ALCOHOLIC BEVERAGE TAX IN AN AMOUNT NOT LESS THAN \$1,000.**

10                  **(I)     A PERSON NEED NOT POST SECURITY UNDER SUBSECTION (B)(3) OF**  
11 **THIS SECTION IF:**

12                   **(1)     THE PERSON IS A MANUFACTURER THAT HAS POSTED**  
13 **SECURITY UNDER SUBSECTION (B)(2) OF THIS SECTION; OR**

14                   **(2)     ~~NOT LATER THAN THE THIRD ANNIVERSARY OF ISSUING AT~~**  
15 **ANY TIME STARTING 3 YEARS AFTER THE COMPTROLLER FIRST ISSUES A**  
16 **DIRECT WINE SHIPPER'S PERMIT TO THE PERSON, THE COMPTROLLER:**

17                   **(I)     DETERMINES THAT THE PERSON HAS A SUBSTANTIAL**  
18 **RECORD OF TAX AND REPORTING COMPLIANCE; AND**

19                   **(II)    WAIVES THE SECURITY REQUIREMENT.**

20                  SECTION 3. AND BE IT FURTHER ENACTED, That:

21                  (a)     The Comptroller shall study the effects of the implementation of this Act,  
22 including:

23                   (1)     the numbers of holders of direct wine shipper's permits and  
24 common carrier permits issued;

25                   (2)     the volume of wine shipped to Maryland consumers;

26                   (3)     the revenues and costs to the State associated with direct wine  
27 shipment; and

28                   (4)     the availability of certain imported varieties of wine to Maryland  
29 consumers.

30                  (b)     On or before December 31, 2012, the Comptroller shall submit a report on  
31 its findings under this section, in accordance with § 2-1246 of the State Government

1 Article, to the Senate Education, Health, and Environmental Affairs Committee and  
2 the House Economic Matters Committee.

3 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That if any provision of this  
4 Act or the application thereof to any person or circumstance is held invalid for any  
5 reason in a court of competent jurisdiction, the invalidity does not affect other  
6 provisions or any other application of this Act which can be given effect without the  
7 invalid provision or application, and for this purpose the provisions of this Act are  
8 declared severable.

9 SECTION ~~4~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take  
10 effect July 1, 2011.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.